

**STATE RETIREMENT AGENCY OF MARYLAND
120 EAST BALTIMORE STREET, ROOM 1401
BALTIMORE, MARYLAND 21202**

REQUEST FOR PROPOSALS (RFP)

SOLICITATION NO. 09-08

FOR

INVESTMENT TRAINING & AUDIT SERVICES



ISSUE DATE: June 2, 2009

NOTICE

Prospective Offerors who have received this document from www.eMarylandMarketplace.com, or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the RFP or other communications can be sent to them.

Minority Business Enterprises are encouraged to respond to this solicitation.

Table of Contents

VENDOR COMMENTS	1
KEY INFORMATION SUMMARY SHEET	2
SECTION 1 GENERAL INFORMATION	3
1.1 Summary Statement.....	3
1.2 Abbreviations and Definitions	3
1.3 Contract Type.....	3
1.4 Contract Duration	3
1.5 Procurement Officer and Contract Manager	3
1.6 Pre-Proposal Conference	4
1.7 Use of eMaryland Marketplace	4
1.8 Questions	5
1.9 Proposals Due (Closing) Date	5
1.10 Duration of Offer.....	5
1.11 Revisions to the RFP	5
1.12 Cancellations; Discussions	6
1.13 Oral Presentation	6
1.14 Incurred Expenses.....	6
1.15 Economy of Preparation	6
1.16 Protests/Disputes	6
1.17 Multiple or Alternative Proposals	6
1.18 Access to Public Records Act Notice	6
1.19 Offeror Responsibilities	7
1.20 Mandatory Contractual Terms	7
1.21 Proposal Affidavit	7
1.22 Contract Affidavit	7
1.23 Minority Business Enterprises	7
1.24 Arrearages	8
1.25 Procurement Method	8
1.26 Corporate Registration	8
1.27 False Statements	8
1.28 Electronic Funds Transfers.....	8
1.29 Conflict of Interest	9
1.30 Living Wage Requirements.....	9
1.31 Prompt Payment Policy Requirements	9
SECTION 2 OFFEROR MINIMUM QUALIFICATIONS	12
2.1 Demonstrating Minimum Qualifications.....	12
2.2 Failure to Satisfy Minimum Qualifications	12
2.3 Minimum Qualifications	12
SECTION 3 SCOPE OF WORK	13
3.1 Background	13
3.2 Purpose/Objectives	13
3.3 General Requirements	14
3.4 Deliverables.....	15
3.5 Invoicing	15

3.6	Staffing Requirements	16
3.7	Conflicts of Interest.....	21

SECTION 4 PROPOSAL SUBMISSION FORMAT..... 22

4.1	Two Part Submission.....	22
4.2	Proposals	22
4.3	Submission.....	22
4.4	Volume I – Technical Proposal	22
4.5	Volume II - Financial Proposal.....	27

SECTION 5 EVALUATION CRITERIA AND SELECTION PROCEDURE 28

5.1	Evaluation Criteria	28
5.2	Technical Criteria	28
5.3	Financial Criteria	28
5.4	Selection Procedures	28
5.5	Award Determination	29

LISTING OF ATTACHMENTS..... 30

ATTACHMENT A – CONTRACT	31
ATTACHMENT B – BID/PROPOSAL AFFIDAVIT	40
ATTACHMENT C – CONTRACT AFFIDAVIT	47
ATTACHMENT D – PRE-PROPOSAL CONFERENCE RESPONSE FORM	48
ATTACHMENT E – PRICE PROPOSAL INSTRUCTIONS AND FORM.....	49
ATTACHMENT F – CONFLICT OF INTEREST AFFIDAVIT/DISCLOSURE	51
ATTACHMENT G – OFFEROR’S CHECKLIST.....	52
ATTACHMENT H – VENDOR ELECTRONIC FUNDS TRANSFER FORM.....	53
ATTACHMENT I – TRANSMITTAL LETTER FORM	55
ATTACHMENT J – LIVING WAGE REQUIREMENTS FOR SERVICE CONTRACTS	56
ATTACHMENT K – LIVING WAGE AFFIDAVIT OF AGREEMENT.....	58
ATTACHMENT L – EXTERNAL INVESTMENT MANAGER FUNDS	60
ATTACHMENT M – INVESTMENT DIVISION ORGANIZATION CHART	63

VENDOR COMMENTS

In order to help us improve the quality of State proposal solicitations, and to make our procurement process more responsive and business friendly, we ask that you take a few minutes and provide comments and suggestions regarding the enclosed solicitation. Please fax this completed form to the attention of Cathie L. Nash at (410) 468-1704. Thank you for your assistance.

Solicitation Number: **SRA 09- 08**, entitled: **Investment Training & Audit Services**

If you have responded with a "no bid", please indicate the reasons below:

- () Other commitments preclude our participation at this time.
- () The subject of the contract is not something we normally provide.
- () We lack experienced in the work/commodities required.
- () The scope of services is beyond our current capacity.
- () We cannot be competitive. Please explain in Remarks section.
- () The specifications are either unclear or too restrictive. Please explain in Remarks section.
- () Bid/proposal requirements, other than specifications, are unreasonable or too risky. Please explain in Remarks section.
- () Time for completion is insufficient.
- () Start-up time is insufficient.
- () Bonding/insurance requirements are prohibitive. Please explain in Remarks section.
- () Doing business with Government is simply too complicated.
- () Prior experience with State of Maryland contracts was unprofitable or otherwise unsatisfactory. Please explain in Remarks section.
- () Other: _____

If you have submitted a bid or proposal but wish to offer suggestions or express concerns, please use the Remarks section below:

Remarks: _____

Offeror Name: _____

Date: _____

Contact Person: _____ Telephone: _____

Fax: _____ E-mail: _____

Address: _____

KEY INFORMATION SUMMARY SHEET

RFP Title:	Investment Training & Audit Services
RFP Number:	SRA 09-08
RFP Issue Date:	June 2, 2009
RFP Issuing Agency:	State Retirement Agency of Maryland (Agency)
Send Questions to:	Cathie L. Nash, CPPB cnash@sra.state.md.us Office Phone Number: (410) 625-5656 Office Fax Number: (410) 468-1704
Procurement Officer	Cathie L. Nash, CPPB Office Phone Number: (410) 625-5656 Office Fax Number: (410) 468-1704
Proposals are to be sent to:	State Retirement Agency of Maryland 120 East Baltimore Street, Room 1406 Baltimore, Maryland 21202 Attention: Cathie L. Nash, CPPB
Contract Manager:	Brian Feilinger bfeilinger@sra.state.md.us Office Phone Number: (410) 625-5690 Office Fax Number: (410) 468-1706
Pre-Proposal Conference:	State Retirement Agency of Maryland 120 East Baltimore Street, Room 1631A Baltimore, Maryland 21202 June 17, 2009 at 10:00 am (Eastern Time)
Closing Date and Time:	July 1, 2009 2:00pm (Local Time)

NOTICE:

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SECTION 1 GENERAL INFORMATION

1.1 Summary Statement

The State Retirement Agency of Maryland is issuing this Request for Proposals (RFP) to obtain Investment Training and Audit Services, as further described in this RFP.

1.2 Abbreviations and Definitions

For purposes of this RFP, the following abbreviations or terms have the meanings indicated below:

- 1.2.1 **ACCOUNT MANAGER** means the individual identified by the Contractor as the primary contact for the State in the management of the Contract issued pursuant to this RFP.
- 1.2.2 **AGENCY** means the State Retirement Agency of Maryland.
- 1.2.3 **BOARD** means the Board of Trustees for the State Retirement and Pension System of Maryland.
- 1.2.4 **CO-SOURCING** means the Contractor will supplement Agency staff to perform the services required by this contract.
- 1.2.5 **COMAR** means the Code of Maryland Regulations.
- 1.2.6 **CONTRACT** means the contract to be entered into pursuant to this RFP.
- 1.2.7 **CONTRACT MANAGER** means the individual identified by the State as the primary contact for the Contractor in the management of the Contract issued pursuant to this RFP.
- 1.2.8 **CONTRACTOR** means the Offeror who enters into a Contract with the Agency pursuant to this RFP.
- 1.2.9 **LOCAL TIME** means time in the Eastern Time zone as observed by the State of Maryland.
- 1.2.10 **MBE** means a Minority Business Enterprise that is certified as such by the Maryland Department of Transportation.
- 1.2.11 **OFFEROR** means a vendor who responds to the RFP by submitting a proposal to provide the requested services.
- 1.2.12 **RFP** means this Request for Proposals for investment training and audit services for the State Retirement Agency of Maryland.
- 1.2.13 **STATE** means the State of Maryland.
- 1.2.14 **SUBCONTRACTOR** means an organization or entity that the Offeror plans to utilize to provide the services covered under this RFP.
- 1.2.15 **SYSTEM** means the State Retirement and Pension System of Maryland.

1.3 Contract Type

The Contract will be a firm, fixed-price contract per COMAR 21.06.03.02 A (1).

1.4 Contract Duration

The Contract resulting from this RFP shall be for a period not to exceed four (4) years beginning on or about August 1, 2009 and ending on July 31, 2013. There are no renewal options.

1.5 Procurement Officer and Contract Manager

The sole point of contact at the Agency for purposes of this RFP, prior to the award of any contract, is the Procurement Officer at the address listed below:

Cathie L. Nash, CPPB
Procurement Officer
State Retirement Agency of Maryland
120 East Baltimore Street, Room 1406
Baltimore, Maryland 21202
Telephone #: (410) 625-5656
Fax #: (410) 468-1704
E-mail: cnash@sra.state.md.us

The individual responsible for day-to-day administration and management of the Contract issued pursuant to this RFP shall be the Contract Manager identified below:

Brian Feilinger
Contract Manager
State Retirement Agency of Maryland
120 East Baltimore Street, Room 1228
Baltimore, Maryland 21202
Telephone#: (410) 625-5690
Fax #: (410) 468-1706
E-mail: bfeilinger@sra.state.md.us

The Agency may change the Procurement Officer and/or the Contract Manager at any time during the pendency of the Contract by notice to the Contractor.

1.6 Pre-Proposal Conference

A Pre-Proposal Conference will be held on June 17, 2009 at 10:00 a.m., local time, at 120 East Baltimore Street, Room 1631A. Attendance at the Pre-Proposal Conference is not mandatory, but all interested Offerors are encouraged to attend in order to facilitate better preparation of their proposals.

If your firm plans to send a representative to the pre-proposal conference, please notify the Procurement Officer by close of business June 15, 2009 by completing Attachment D and faxing to 410-468-1704 or via e-mail at procurement@sra.state.md.us. If there is a need for sign language interpretation and/or other special accommodations due to a disability, it is requested that at least five days advance notice be provided. The Agency will make reasonable efforts to provide such special accommodation.

1.7 Use of eMaryland Marketplace

eMaryland Marketplace (www.emarylandmarketplace.com) is a free electronic commerce system administered by the Maryland Department of General Services. The RFP, associated materials, and all other solicitation related material will be provided only via eMaryland Marketplace.

This means that all such information is immediately available to subscribers of eMaryland Marketplace. All subscribers will receive solicitation notifications as well as solicitation update/change order notifications.

In order to receive a Contract award, a Contractor must be registered on eMaryland Marketplace. Information about eMaryland Marketplace can be found on the website at www.eMarylandMarketplace.com.

1.8 Questions

The Procurement Officer prior to the pre-proposal conference will accept written questions from prospective Offerors. If possible and appropriate, such questions will be answered at the pre-proposal conference. (No substantive question will be answered prior to the pre-proposal conference.) Questions may be submitted by mail, facsimile, or preferably, by email to the Procurement Officer. Questions, both oral and written, will also be accepted from prospective Offerors attending the pre-proposal conference. If possible and appropriate, these questions will be answered at the pre-proposal conference.

Questions will also be accepted subsequent to the pre-proposal conference. All post-conference questions should be submitted in writing by **close of business June 19, 2009** to the Procurement Officer. Answers to all questions will be posted on eMaryland Marketplace.

1.9 Proposals Due (Closing) Date

An unbound original and four (4) bound copies of each proposal (technical and financial) must be received by the Procurement Officer, at the address listed in Section 1.5 no by 2:00 p.m. (local time) on July 1, 2009 in order to be considered. One (1) electronic version on CD of the Technical Proposal (in MS WORD) must be enclosed with the original Technical Proposal. An electronic version on CD of the Financial Proposal in MS Word or Excel format must be enclosed with the original Financial Proposal. Offerors must ensure that the CDs are labeled with the RFP title, RFP number and Offeror name, and are packaged with the original copy of the appropriate proposal (technical or financial).

Requests for extension of this date or time will not be granted. Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt by the Procurement Officer. Except as provided in COMAR 21.05.03.02F, proposals received by the Procurement Officer after the time established in this section of this RFP, will not be considered. Proposals may not be submitted by e-mail or facsimile.

1.10 Duration of Offer

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date of proposals or of Best and Final Offers (BAFOs), if requested. This period may be extended at the Procurement Officer's request only with the Offeror's written agreement.

1.11 Revisions to the RFP

If it becomes necessary to revise this RFP before the due date for proposals, amendments will be posted on www.eMarylandMarketplace.com, and provided to all prospective Offerors who were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Amendments made after the due date for proposals will be sent only to those Offerors who submitted a timely proposal.

Acknowledgment of the receipt of all amendments to this RFP issued before the proposal due date must accompany the Offeror's proposal in the Transmittal Letter accompanying the Technical Proposal submittal. Acknowledgement of the receipt of amendments to the RFP issued after the proposal due date shall be in the manner specified in the amendment notice. Failure to acknowledge receipt of amendments does not relieve the Offeror from complying with all terms of any such amendment.

1.12 Cancellations; Discussions

The Agency reserves the right to cancel this RFP, accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the State. The Agency also reserves the right, in its sole discretion, to award a contract based upon the written proposals received without prior discussions or negotiations.

1.13 Oral Presentation

Offerors may be required to make oral presentations to Agency representatives. Significant representations made by an Offeror during the oral presentation must be reduced to writing. All written representations will become part of the Offeror's proposal and are binding if the Contract is awarded. The Procurement Officer will notify Offerors of the time and place of oral presentations. Typically, oral presentations occur approximately two weeks after the proposal due date.

1.14 Incurred Expenses

The State will not be responsible for any costs incurred by an Offeror in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

1.15 Economy of Preparation

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Offeror's proposal to meet the requirements of this RFP.

1.16 Protests/Disputes

Any protest or dispute related respectively to this solicitation or the resulting Contract shall be subject to the provisions of COMAR 21.10 (Administrative and Civil Remedies).

1.17 Multiple or Alternative Proposals

Neither multiple nor alternate proposals will be accepted.

1.18 Access to Public Records Act Notice

An Offeror should give specific attention to the clear identification of those portions of its proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, Title 10, Subtitle 6, of the State Government Article of the Annotated Code of Maryland. (See Section 4.4.4)

Information, which is claimed to be confidential, is to be placed after the Title Page and before the Table of Contents in the Offeror's Technical Proposal, and if applicable, also in its Financial Proposal. Offerors are advised that, upon request for this information from a third party, the State will make an independent determination whether the information must be disclosed.

1.19 Offeror Responsibilities

The selected Offeror/Contractor shall be responsible for all products and services required by this RFP. The use of subcontractor(s) by an Offeror/Contractor shall not be permitted. An Offeror that plans to utilize a subcontractor to provide any of the services covered under this RFP shall be deemed not responsible.

If an Offeror that seeks to perform or provide the services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror such as, but not limited to, proposed services, description of the Offeror's ability to perform the scope of work, references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's proposal must contain an explicit statement that the parent organization will guarantee the performance of the subsidiary.

1.20 Mandatory Contractual Terms

By submitting an offer in response to this RFP, an Offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and the Contract, attached as ATTACHMENT A. Any exceptions to this RFP or the Contract must be clearly identified in the Executive Summary of the technical proposal. A proposal that takes exception to these terms may be rejected. (See Section 4.4)

1.21 Proposal Affidavit

A proposal submitted by an Offeror must be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as ATTACHMENT B of this RFP.

1.22 Contract Affidavit

All Offerors are advised that if a contract is awarded as a result of this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as ATTACHMENT C of this RFP. This Affidavit must be completed and submitted within five business days of notification of proposed contract award.

1.23 Minority Business Enterprises

A Minority Business Enterprise (MBE) subcontractor participation goal expressed as a percent of the total fees paid to the Contractor for services has not been established for this procurement.

Minority Business Enterprises (MBEs) are encouraged to respond to this solicitation. Offerors who consider themselves to be minority contractors are encouraged to obtain certification from the Maryland Department of Transportation.

All questions related to certification must be directed to the Maryland Department of Transportation (MDOT), Office of Minority Business Enterprise:

Maryland Department of Transportation
Office of Minority Business Enterprise
P.O. Box 8755 BWI Airport
Baltimore, MD 21240-0755, Telephone: (410) 865-1269

Offerors attempting to classify themselves as minority contractors, within the meaning of the State procurement laws and regulations, shall not be so viewed until and unless they are certified as

such by the Office of Minority Business Enterprise. The assigned certification number must appear on invoices.

1.24 Arrearages

By submitting a response to this solicitation, each Offeror represents that it is not in arrears in the payment of any obligations due and owing the State of Maryland, including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the Contract if selected for Contract award.

1.25 Procurement Method

This Contract will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03.

1.26 Corporate Registration

Before a corporation can do business in the State of Maryland, it must be registered with the Department of Assessments and Taxation, State Office Building, Room 803, 301 West Preston Street, Baltimore, Maryland 21201. It is strongly recommended that any potential Offeror complete registration prior to the due date for receipt of proposals. An Offeror's failure to complete registration with the Department of Assessments and Taxation may disqualify an otherwise successful Offeror from final consideration and recommendation for Contract award. Additional information may be obtained from the Maryland Department of Assessment and Taxation.

<http://www.dat.state.md.us/sdatweb/telephones.htm>

1.27 False Statements

Offerors are advised that section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland provides as follows:

- 1.27.1 In connection with a procurement contract a person may not willfully:
 - 1.27.1.1 Falsify, conceal, or suppress a material fact by any scheme or device;
 - 1.27.1.2 Make a false or fraudulent statement or representation of a material fact; or
 - 1.27.1.3 Use a false writing or document that contains a false or fraudulent statement or entry of a material fact.
- 1.27.2 A person may not aid or conspire with another person to commit an act under subsection (1.27.1) of this section.
- 1.27.3 A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding 5 years or both.

1.28 Electronic Funds Transfers

By submitting a response to this solicitation, the Offeror agrees to accept payments by electronic funds transfer unless the State Comptroller's Office grants an exemption. The selected Offeror shall register using the COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form (See ATTACHMENT H). Forms are available from the Comptroller's Offices or website (http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/gadx-10.pdf). Any request for exemption must be submitted to the State Comptroller's Office for approval at the address specified

on the COT/GAD X-10 form and must include the business identification information as stated on the form and include the reason for the exemption.

1.29 Conflict of Interest

Potential Offerors should be aware that the State Ethics Law, State Government Article, §15-508, might limit the selected Contractor's ability to respond to this solicitation, depending upon specific circumstances.

The successful Offeror will provide the investment training and audit services required by this RFP to the State and must do so impartially and without any conflicts of interest. The Contractor will be required to complete a Conflict of Interest Affidavit. A copy of this Affidavit is included as ATTACHMENT F of this RFP. If the Procurement Officer makes a determination that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of COMAR 21.05.08.08A, the Procurement Officer may reject an Offeror under COMAR 21.06.02.03B.

1.30 Living Wage Requirements

A solicitation for services under a State contract valued at \$100,000 or more may be subject to Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in this solicitation (see Attachment I entitled Living Wage Requirements for Service Contracts). If the Offeror fails to submit and complete the Affidavit of Agreement, the State may determine an Offeror to be not responsible.

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least **the minimum amount set by law for the applicable Tier Area**. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

The contract resulting from this solicitation will be deemed to be a Tier 1 contract or a Tier 2 contract depending on the location(s) from which the Contractor provides 50% or more of the services. If the Contractor provides 50% or more of the services from a location(s) in a Tier 1 jurisdiction(s) the contract will be a Tier 1 contract. If the Contractor provides 50% or more of the services from a location(s) in a Tier 2 jurisdiction(s), the contract will be a Tier 2 contract. If the Contractor provides more than 50% of the services from an out-of-State location, then the contract will be deemed to be a Tier 1 contract. The Offeror must identify in their Offer the location(s) from which services will be provided.

Information pertaining to reporting obligations may be found by going to the DLLR Website www.dllr.state.md.us and clicking on Living Wage.

1.31 Prompt Payment Policy Requirements

This Prompt Payment Directive applies to all non-construction State funded contracts in excess of \$25,000 by Executive Branch Agencies.

- 1.31.1 If a contractor withholds payment of an undisputed amount to its subcontractor, the Agency, at its option and in its sole discretion, may take one or more of the following actions:
 - 1.31.1.1 Not process further payments to the contractor until payment to the subcontractor is verified;
 - 1.31.1.2 Suspend all or some of the contract work without affecting the completion date(s) for the contract work;
 - 1.31.1.3 Pay or cause payment of the undisputed amount to the subcontractor from monies otherwise due or that may become due;
 - 1.31.1.4 Place a payment for an undisputed amount in an interest-bearing escrow account; or
 - 1.31.1.5 Take other or further actions as appropriate to resolve the withheld payment.
- 1.31.2 An “undisputed amount” means an amount owed by a contractor to a subcontractor for which there is no good faith dispute, including any retainage withheld, and includes an amount withheld because of issues arising out of an agreement or occurrence unrelated to the agreement under which the amount is withheld.
- 1.31.3 An act, failure to act, or decision of a procurement officer or a representative of the Agency, concerning a withheld payment between a contractor and subcontractor under this policy directive, may not:
 - 1.31.3.1 Affect the rights of the contracting parties under any other provision of law;
 - 1.31.3.2 Be used as evidence on the merits of a dispute between the Agency and the contractor in any other proceeding; or
 - 1.31.3.3 Result in liability against or prejudice the rights of the Agency.
- 1.31.4 The remedies enumerated above are in addition to those provided under COMAR 21.11.03.13 with respect to subcontractors that have contracted pursuant to the Minority Business Enterprise program.
- 1.31.5 To ensure compliance with certified MBE subcontract participation goals, the Agency may, consistent with COMAR 21.11.03.13, take the following measures:
 - 1.31.5.1 Verify that the certified MBEs listed in the MBE participation schedule actually are performing work and receiving compensation as set forth in the MBE participation schedule.
 - 1.31.5.2 This verification may include, as appropriate:
 - 1.31.5.2.1 Inspecting any relevant records of the contractor;
 - 1.31.5.2.2 Inspecting the jobsite; and
 - 1.31.5.2.3 Interviewing subcontractors and workers.
 - 1.31.5.2.4 Verification shall include a review of:

- 1.31.5.2.4.1 The contractor's monthly report listing unpaid invoices over 30 days old from certified MBE subcontractors and the reason for nonpayment; and
 - 1.31.5.2.4.2 The monthly report of each certified MBE subcontractor, which lists payments received from the contractor in the preceding 30 days and invoices for which the subcontractor has not been paid.
- 1.31.5.3 If the Agency determines that a contractor is in noncompliance with certified MBE participation goals, then the Agency will notify the contractor in writing of its findings, and will require the contractor to take appropriate corrective action.
 - 1.31.5.3.1 Corrective action may include, but is not limited to, requiring the contractor to compensate the MBE for work performed as set forth in the MBE participation schedule.
- 1.31.5.4 If the Agency determines that a contractor is in material noncompliance with MBE contract provisions and refuses or fails to take the corrective action that the Agency requires, then the Agency may:
 - 1.31.5.4.1 Terminate the contract;
 - 1.31.5.4.2 Refer the matter to the Office of the Attorney General for appropriate action; or
 - 1.31.5.4.3 Initiate any other specific remedy identified by the contract, including the contractual remedies required by this Directive regarding the payment of undisputed amounts.
- 1.31.5.5 Upon completion of the contract, but before final payment or release of retainage or both, the contractor shall submit a final report, in affidavit form under the penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

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SECTION 2 OFFEROR MINIMUM QUALIFICATIONS

2.1 Demonstrating Minimum Qualifications

Offerors must clearly state **and demonstrate** in the Technical Proposal that they satisfy each of the minimum qualifications set forth in Section 2.3.

2.2 Failure to Satisfy Minimum Qualifications

Failure to satisfy the minimum qualifications will result in rejection of a proposal, and failure to maintain compliance with any of these qualifications during the term of the Contract may be considered an event of default. The Offeror must notify the Agency of the Offeror's non-compliance within ten calendar days of the precipitating event.

2.3 Minimum Qualifications

The Offeror must show proof of having:

- 2.3.1 Experience in auditing investment activities and operations, including external investment manager relationships, comparable in size, scope, and diversity to the System's investment portfolio;
- 2.3.2 Experience in training and assisting internal audit organizations in conducting audits of investment activities and operations through a co-sourcing arrangement;
- 2.3.3 Experience in applying data mining techniques to enhance analysis of investment activities;
- 2.3.4 Experience in applying financial modeling techniques applicable to different risk exposures (market, interest rate, credit and operational risk);
- 2.3.5 A knowledge of *Government Auditing Standards* issued by the General Accountability Office, *Statements on Auditing Standards* issued by the American Institute of Certified Public Accountants, or *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, Inc.;
- 2.3.6 Not be in bankruptcy, conservatorship, receivership, or in the possession of a regulatory Agency; and
- 2.3.7 The Offeror must carry at least \$1 million in liability insurance that is in full force at the time the proposal is submitted and maintained at the same level or higher throughout the term of the Contract. A copy of such coverage, including the types and amounts of coverage, shall be provided with the Contractor's Technical Proposal.

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SECTION 3 SCOPE OF WORK

3.1 Background

The mission of the State Retirement and Pension System of Maryland (System) is to administer the retirement, disability, and survivor benefits of the System's participants. Investment objectives are designed to support fulfillment of the Agency's mission by optimizing risk-adjusted returns in order to ensure that sufficient assets are available to pay benefits when they are due.

Investment objectives are implemented in accordance with investment policies adopted by a 14-member Board of Trustees. Investment strategies, both active and passive, are developed by a thirteen-member Investment Committee that includes three investment advisors. Investment advice is also provided by three independent investment consulting firms. System assets are managed entirely by external investment management firms (identified in Attachment L) under the direction of the Investment Division. The Division monitors the performance of the external managers, including compliance with policies, guidelines and contracts. See Attachment M for the Investment Division organization chart.

The System's assets are allocated among the following major asset classes: U.S. Equities, Non-U.S. Equities, Global Equities, Private Equity, Fixed Income, Real Estate, Real Return, Absolute Return, and Cash. As of December 31, 2008, the System's assets totaled approximately \$27 billion.

Asset custody and securities lending services are provided by State Street Bank and Trust Company, which also serves as the book of record. Investment accounting, including income verification, is provided by Financial Control Systems, Inc. (FCS). On a monthly basis, FCS compares the external manager transactions with those recorded by State Street. At month end, FCS also re-prices each manager's securities and compares them to the corresponding values recorded by State Street. In addition, State Street Bank also utilizes the Charles River Compliance system (<http://www.crd.com/products/compliance.php>) to provide the SRA with automated compliance monitoring services, based on specific guidelines for each manager, as identified by the Agency.

The Internal Audit Division (IAD) is responsible for auditing the System's investment activities and operations. The Division is currently staffed with five auditors, of which at least three (3) auditors (one Internal Audit Supervisor and two Internal Auditors) will be assigned to the Contract on an as-needed basis in a co-sourcing arrangement.

More information about the System and its investments can be found in its Comprehensive Annual Financial Report. This, as well as the System's Investment Policy Manual, can be found on the System's website (<http://www.sra.state.md.us>).

3.2 Purpose/Objectives

The purpose of this solicitation is to obtain the services of a qualified, independent firm (Contractor) to provide training and assistance to the internal audit staff, through a co-sourcing arrangement, in conducting audits of the System's investment activities and operations, including external investment manager relationships. **The services required by this RFP shall primarily occur on-site at the Agency, but may include on-site reviews at the offices of selected external managers or at other venues if warranted, and as directed by the Contractor**

The primary objectives of this co-sourcing arrangement are to:

- 3.2.1 Train the internal audit staff through a “knowledge transfer” process that will enable the internal audit staff to audit the System’s investment activities and operations independently; and
- 3.2.2 Assist the Internal Audit Division in fulfilling its responsibilities to audit the System’s investment activities and operations, including external investment manager relationships.

3.3 General Requirements

The Contractor shall provide training, guidance, and technical advice to the internal audit staff through all phases of the audit process and shall provide overall planning, organization, direction, coordination and control of the audit process. At a minimum, the Contractor shall, in cooperation with the internal audit staff:

- 3.3.1 Conduct on-site interviews at the Agency and review investment policies, guidelines, external manager contracts and other appropriate documents and data necessary to gain a comprehensive understanding of the System’s internal investment operations, external investment manager relationships and the System’s investment classes and strategies;
- 3.3.2 Document the investment processes through narratives and/or flowcharts and test of transactions;
- 3.3.3 Prepare a risk/control matrix identifying key controls, significant weaknesses and associated risks relative to the System’s investment activities and operations;
- 3.3.4 Prepare an annual audit plan at the beginning of each contract year to ensure adequate audit coverage of the System’s investment activities and operations over a four-year period (see Attachment L for a listing of External Investment Manager Funds);
- 3.3.5 Prepare an audit planning memo for each audit included in the annual audit plan. The audit planning memo shall detail the approach taken to develop proper audit coverage, such as determining which external managers to audit, the audit scope, and any significant assumptions and decisions that were made in planning the audit;
- 3.3.6 Prepare detailed audit programs for each audit included in the annual audit plan. At a minimum, the audit programs shall include:
 - 3.3.6.1 The specific audit objectives;
 - 3.3.6.2 The audit scope;
 - 3.3.6.3 The detailed audit procedures to be performed in order to accomplish the audit objectives, including the identification and testing of key controls and major compliance requirements; and
 - 3.3.6.4 Data analysis procedures using “data mining” methodologies (computer assisted audit techniques) where appropriate.
- 3.3.7 Direct and train the internal audit staff in performing the audit procedures;
- 3.3.8 Review completed audit work papers to ensure that audit objectives were accomplished and that all audit findings and conclusions are adequately supported;
- 3.3.9 Lead the exit conferences with the auditee to present and discuss the audit findings;
- 3.3.10 Prepare exit conference memorandums summarizing the recommended action items, the auditee’s responses and final resolutions;

- 3.3.11 Provide periodic status reports summarizing the progress toward completing the annual audit plans and the results of its training efforts;
- 3.3.12 Assist in drafting the internal audit reports; and
- 3.3.13 Attend quarterly Audit Committee meetings, as appropriate, to present final audit reports.

The Agency will provide on-site office space to accommodate the Contractor's reasonable needs for the Contract. The aforementioned services shall be provided as jointly scheduled with the Agency staff.

3.4 Deliverables

All deliverables prepared by the Contractor pursuant to the Contract shall be the sole property of the State and shall be available to the Agency and the System at any time. Deliverables include, but are not limited to, copyright interests in all software, documentation, work papers, and other related work products. The deliverables required by the Contract include, but are not limited to, the following:

- 3.4.1 Narratives and/or flowcharts describing the System's investment processes;
- 3.4.2 Risk/Control matrix identifying the System's key investment controls and significant weaknesses and associated risks;
- 3.4.3 Annual audit plan for each contract year;
- 3.4.4 Detailed audit programs for each audit included in the annual audit plans;
- 3.4.5 Detailed audit planning memo for each audit included in the annual audit plans;
- 3.4.6 Audit work papers, regardless of format, for each completed audit, including any data mining and/or modeling methodologies;
- 3.4.7 Periodic status reports on completed audits and training results;
- 3.4.8 Exit conference memorandums summarizing the recommended action items, the auditee's responses and final resolutions;
- 3.4.9 Draft and final audit reports presented in IAD's Risk Exposure format; and
- 3.4.10 Receipt and acceptance of a Summary Report on the training that was conducted as described in Section 3.3 of this RFP.

3.5 Invoicing

- 3.5.1 Invoice Schedule and Amounts. - The Contractor shall submit invoices at the following milestones and for the following amounts:
 - 3.5.1.1 Upon completion of the risk assessment described in Section 3.4.2 of this RFP, and acceptance of same by the Agency, the Contractor may submit an invoice for 15% of the total contract amount;
 - 3.5.1.2 Upon completion of both the audit planning memo and audit program for each audit described in Sections 3.4.4 and 3.4.5 of this RFP, and acceptance of same by the Agency, the Contractor may submit an invoice for a pro-rated portion of 10% of the total contract amount. Pro-ration is to be based on the number of audits in the audit plan for the year. For example, if the total contract price is \$100,000 and there are five audits in the audit plan for the year, then the Contractor may bill \$2,000 for each audit ($1/5 \times 10\% \times \$100,000$). The total amount billed to the contract under this provision is not to exceed 30% of the total contract amount;
 - 3.5.1.3 Upon completion of each audit, evidenced by the issuance of a final audit report, described in Section 3.4.9, and acceptance of same by the Agency, the Contractor may submit an invoice for a pro-rated portion of 10% of the total contract amount for audits performed in year 1, 20% of the total contract amount for audits performed in year 2, and 20% of the total contract amount for audits performed in year 3. Pro-ration is to be based on the number of audits in the

audit plan for the year. The total amount billed to the contract under this provision is not to exceed 50% of the total contract amount; and

- 3.5.1.4 On completion of all contract requirements, as evidenced by the presentation of all audit reports to the Audit Committee, as described in Section 3.3.13, the Contractor may submit an invoice for 5% of the total contract amount.

3.5.2 Travel and Administrative Expense

All travel and administrative costs, including lodging, meals, parking, mileage, etc. must be accounted for in the Contractor's Financial Proposal. The State will not pay for administrative or clerical services; such services must be accounted for in the Contractor's Financial Proposal;

3.5.3 Address for Invoices

The invoice(s) must be sent to:

State Retirement Agency
Attention: Brian Feilinger
120 East Baltimore Street Rm 1228
Baltimore, MD 21202

3.5.4 Invoice Format

All invoices must include the following information:

- 3.5.4.1 Name, address and federal tax identification number of the Contractor;
- 3.5.4.2 Remittance address;
- 3.5.4.3 Invoice date and invoice number;
- 3.5.4.4 Amount due;
- 3.5.4.5 A description of work performed;
- 3.5.4.6 State issued purchase order number (to be issued with notice to proceed); and
- 3.5.4.7 Invoice period (i.e. the period during which services covered by the invoice were performed). Invoices submitted without the required information will not be processed for payment until the Contractor provides the required information.

3.6 Staffing Requirements

3.6.1 Staffing

- 3.6.1.1 The Contractor shall assign sufficient staff to this Contract to ensure that the Agency's investment training and audit services needs are met. The Contractor's staff shall have the training, experience and knowledge to successfully perform the requirements specified in this RFP; and

- 3.6.1.2 The Contractor shall designate an Account Manager to serve as the primary contact for the Contract and for resolving all issues related to the Contract, including all invoice matters. The Contractor shall also designate additional key personnel to perform specific functions, as necessary.

3.6.2 Key Personnel

At a minimum, key personnel (either individually or collectively) assigned to the Contract must have a comprehensive working knowledge of investment activities and operations, including but not limited to:

- 3.6.2.1 Treasury and Cash Management Activities;
- 3.6.2.2 Alternative Investments, including private equity and hedge funds;
- 3.6.2.3 Derivative Strategies, including forwards, futures, options, and swaps;
- 3.6.2.4 Asset Securitization, including CMOs, ABSs, CDOs, etc.;
- 3.6.2.5 Broker/Dealer Activities, including soft dollar transactions;
- 3.6.2.6 Securities Lending;
- 3.6.2.7 Investment Accounting and Custody;
- 3.6.2.8 Front, back, and middle office investment operations*;
- 3.6.2.9 Relevant SEC regulations;
- 3.6.2.10 External investment manager relationships;
- 3.6.2.11 Experience in auditing investment activities and operations, including external investment manager relationships;
- 3.6.2.12 Experience in training and assisting internal auditors in conducting audits of investment activities and operations through a co-sourcing arrangement;
- 3.6.2.13 Experience in applying data mining techniques to enhance analysis of investment activities;
- 3.6.2.14 Experience in applying financial modeling techniques applicable to different risk exposures (market, interest rate, credit and operational risk); and
- 3.6.2.15 A comprehensive knowledge of *Government Auditing Standards* issued by the General Accountability Office, *Statements on Auditing Standards* issued by the American Institute of Certified Public Accountants, or *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, Inc.

3.6.3 Availability of Key Personnel

The Offeror shall ensure that the key personnel identified in its Technical Proposal will be available to perform its contractual requirements. The Contractor's key personnel shall not be reassigned without the written pre-approval of the Contract Manager. If any key personnel leave the employment of the Contractor, or are approved for reassignment by the Contract Manager, the replacement must have equal or better qualifications than the incumbent and be approved in writing by the Contract Manager.

3.6.4 Substitution of Key Personnel

3.6.4.1 Continuous Performance of Key Personnel

Unless substitution is approved per sections 3.6.4.2 – 3.6.4.4 of this section, key personnel shall be the same personnel proposed in the Contractor's technical proposal, which will be incorporated into the Contract by reference. Such identified key personnel shall perform continuously for the duration of the Contract, or such lesser duration as specified in the technical proposal. Key personnel may not be removed by the Contractor from working under this Contract as described in the RFP or the Contractor's technical proposal without the prior written concurrence of the Contract Manager.

If the Contract is task order based, the following provisions apply to key personnel identified in each task order proposal and agreement.

3.6.4.2 Definitions

As used in this section:

“Contract Manager” means the Contract Manager previously identified in this solicitation, and/or a person designated in writing by the Contract Manager or the Department or agency to act for the Contract Manager concerning Contractor personnel substitution issues.

“Day” or **“Days”** means calendar day or days.

“Extraordinary Personal Circumstance” means any circumstance in an individual's personal life that reasonably requires immediate and continuous attention for more than 15 days that precludes the individual from performing his/her job duties under this Contract. Examples of such circumstances might include but are not limited to: a sudden leave of absence to care for a family member that is injured, sick or incapacitated; the death of a family member, including the need to attend to the estate or other affairs of the deceased or his/her dependents; substantial damage to, or destruction of the individual's home that causes a major disruption in the individual's normal living circumstances; criminal or civil proceedings against the individual or a family member; jury duty; military service call-up; etc.

“Incapacitating” means any health circumstance that substantially impairs the ability of an individual to perform the job duties described for that individual's position in the RFP or the Contractor's technical proposal.

“Sudden” means when the Contractor has less than 30 days' prior notice of a circumstance beyond its control that will require the replacement of any key personnel working under the Contract.

3.6.4.3 Key Staff General Substitution Provisions

The following provisions apply to all of the circumstances of staff substitution described in section 3.6.4.4 of this section:

3.6.4.3.1 The Contractor shall demonstrate to the Contract Manager's satisfaction that the proposed substitute personnel have qualifications at least equal to those of the personnel for whom the replacement is requested;

3.6.4.3.2 The Contractor shall provide the Contract Manager with a substitution request that shall include:

- A detailed explanation of the reason(s) for the substitution request

- The resume of the proposed substitute personnel, signed by the substituting individual and his/her formal supervisor
- The official resume of the current employee for comparison purposes
- Any required credentials

3.6.4.3.3 The Contract Manager may request additional information concerning the proposed substitution. In addition, the Contract Manager, and/or other appropriate State personnel involved with the Contract may interview the proposed substitute personnel prior to deciding whether to approve the substitution request; and

3.6.4.3.4 The Contract Manager will notify the Contractor in writing of: (i) the acceptance or denial, or (ii) contingent or temporary approval for a specified time limit, of the requested substitution. The Contract Manager will not unreasonably withhold approval of a requested key personnel replacement.

3.6.4.4 Replacement Circumstances

3.6.4.4.1 Voluntary Staff Replacement

To voluntarily replace any key staff, the Contractor shall submit a substitution request as described in section 3.6.4.3 of this section to the Contract Manager at least 15 days prior to the intended date of change. Except in a circumstance described in section 3.6.4.4.2 of this clause, a substitution may not occur unless and until the Contract Manager approves the substitution in writing.

3.6.4.4.2 Staff Replacement Due to Vacancy

The Contractor shall replace key staff whenever a vacancy occurs due to the sudden termination, resignation or leave of absence due to an extraordinary personal circumstance of such staff, incapacitating injury, illness or physical condition, or death. A termination or resignation with 30 days or more advance notice shall be treated as a voluntary staff replacement as per section 3.6.4.4.1 of this clause.

Under any of the above section 3.6.4.4.2 circumstances, the Contractor shall identify a suitable replacement and provide the same information or items required under section 3.6.4.3 of this section within 15 days of the sooner of the actual vacancy occurrence or from when it was first learned by the Contractor that the vacancy would be occurring.

3.6.4.4.3 Staff Replacement Due to an Indeterminate Absence

If any key staff has been absent from his/her job for a period of 10 days due to injury, illness, or other physical condition, leave of absence under a family medical leave or extraordinary personal circumstance and it is not known or reasonably anticipated that the individual will be returning to work within the next 20 days to fully resume his/her job duties, before the 25th day of continuous absence the Contractor shall identify a suitable replacement and provide the same information or items required under section 3.6.4.3 of this section.

However, if this person is available to return to work and fully perform all job duties before a replacement has been authorized by the Contract Manager, at the option of the Contract Manager the original staff may continue to work under the Contract, or the replacement staff will be authorized to replace the original staff, notwithstanding the original staff's ability to return.

3.6.4.4.4 Directed Staff Replacement

3.6.4.4.4.1 The Contract Manager may direct the Contractor to replace any staff that is perceived as being unqualified, non-productive, unable to fully perform his/her job duties due to full or partial Incapacity or extraordinary personal circumstance, disruptive, or that has committed a major infraction(s) of law or agency or Contract requirements. Normally a directed replacement would only occur after prior notification of problems with requested remediation, as described in section 3.6.4.4.4.2, below. If after such remediation the Contract Manager determines that the staff performance has not improved to the level necessary to continue under the Contract, if at all possible at least 15 days' replacement notification will be provided. However, if the Contract Manager deems it necessary to remove the offending individual with less than 15 days' notice, the Contract Manager can direct the removal in a timeframe of less than 15 days, to include immediate removal.

In circumstances of directed removal, the Contractor shall, in accordance with section 3.6.4.3 of this section, provide a suitable replacement for approval within 15 days of the notification of the need for removal, or the actual removal, if that occurs first.

3.6.4.4.4.2 If deemed appropriate in the discretion of the Contract Manager, the Contract Manager shall give written notice of any personnel performance issues to the Contractor, describing the problem and delineating the remediation requirement(s). The Contractor shall provide a written Remediation Plan within 10 days of the date of notice and implement the Remediation Plan immediately upon written acceptance by the Contract Manager, or revise and resubmit the plan to the Contract Manager within 5 days, as directed in writing by the Contract Manager.

Should performance issues persist despite the previously agreed to Remediation Plan, the Contract Manager will give written notice of the continuing performance issues and either request a new Remediation Plan within a specified time limit, or direct the substitution of personnel whose performance is at issue with a qualified substitute, including requiring the immediate removal of the key staff at issue.

Replacement or substitution of personnel under this section shall be in addition to and not in lieu of the State's remedies under the Contract.

3.7 Conflicts of Interest

- 3.7.1 The State Ethics Law, State Government Article, §15-508, might limit the selected Contractor's ability to participate in future related procurements or to provide advice or consultation services to organizations or companies that do business with or plan to do business with the State, depending upon specific circumstances.
- 3.7.2 The Contractor shall perform the duties required by this RFP impartially and without any conflict of interest. The Contractor's first priority in performing the duties of the Contract shall be the protection of the State's interests.
- 3.7.3 The Contractor shall provide periodic updates to the Agency and the Procurement Officer, providing information such as that required by the Conflict of Interest affidavit attached as Attachment F, certifying whether a conflict of interest or potential conflict of interest exists. The Contractor shall notify the Agency and Procurement Officer whenever the Contractor provides services to, contracts with, or receives any compensation or remuneration from an organization or company that is involved in a matter related to this RFP.

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SECTION 4 PROPOSAL SUBMISSION FORMAT

4.1 Two Part Submission

Offerors must submit separate proposals in two separate volumes:

- **Volume I – (TECHNICAL PROPOSAL)**
- **Volume II – (FINANCIAL PROPOSAL)**

4.2 Proposals

Volume I - Technical Proposal must be sealed separately from Volume II - Financial Proposal but submitted simultaneously to the Procurement Officer (address listed on Key Information Summary and in Section 1.5). This is the only address to which proposals may be submitted. An unbound original, so identified, and four (4) bound copies of each volume are to be submitted. Hard copies must be a complete proposal containing all information contained on the CDs unless otherwise directed in Section 4.

Offerors must attach to the original Technical Proposal one (1) separate CD containing an electronic version of Volume I- Technical Proposal (in PDF format). Offerors must also attach to the original Financial Proposal one (1) separate CD containing an electronic version of the Volume II- Financial Proposal (in PDF format).

Please note that the Offeror must provide separate CDs for the Technical Proposal and the Financial Proposal, resulting in two (2) CDs attached to the proposal. The CDs containing the electronic responses shall be placed in separate envelopes labeled “Offeror Response CDs – Volume “X” (“X” is Volume I or Volume II, as appropriate).

4.3 Submission

Each Offeror is required to submit a separate sealed package for each Volume, to be labeled “Volume I-Technical Proposal” and “Volume II-Financial Proposal” respectively. Each sealed package must bear the RFP title and number, name and address of the Offeror, the volume number (I or II), and the closing date and time for receipt of the proposals on the outside of the package. Please label the electronic media with Volume I-Technical Proposal and Volume II-Financial Proposal, as appropriate.

All pages of both proposal volumes must be consecutively numbered from beginning (Page 1) to end (Page “x”).

4.4 Volume I – Technical Proposal

4.4.1 Transmittal Letter

A transmittal letter must accompany the Technical Proposal. The purpose of this letter is to transmit the proposal and acknowledge the receipt of any addenda/amendments. The transmittal letter should be brief and signed by an individual who is authorized to commit the Offeror to the services and requirements as stated in this RFP.

4.4.2 Format of Technical Proposal; Required Submissions

Inside a sealed package described in Section 4.3, above, an unbound original, to be so labeled, four (4) copies and the electronic version shall be provided. Sections 2 and 3 of this RFP provide requirements and Section 4 provides reply instructions. The

paragraphs in these RFP sections are numbered for ease of reference. In addition to the instructions below, the Offeror's Technical Proposals should be organized and numbered in the same order as this RFP. This proposal organization will allow State officials and the Evaluation Committee to "map" Offeror responses directly to RFP requirements by paragraph number.

The Offeror should use the sub-headings provided by this RFP to organize the response (i.e. describe in detail how Offeror meets the minimum qualifications as a response to Section 2.3 and describe its audit and training experience and capabilities in the Technical Proposal section noted as a response to Section 3.3.). The Technical Proposal shall include the following sections in this order:

4.4.3 Title Page

The Technical Proposal should begin with a title page bearing the name and address of the Offeror and the name and number of this RFP.

4.4.4 Confidential, Proprietary Commercial Information or Trade Secrets

If applicable, information the Offeror claims to be confidential, proprietary commercial information or trade secrets shall be identified after the Title Page and before the Table of Contents in the Offeror's Technical Proposal. This information, along with any claim of confidential financial information, should also be disclosed in the Offeror's Financial Proposal. The Offeror must include an explanation for each individual claim of confidentiality. See RFP section 1.18 for additional information.

4.4.5 Table of Contents

A table of contents for the technical proposal should follow the title page or the Offeror's confidential, proprietary information or trade secrets claims.

4.4.6 Executive Summary

The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled "Executive Summary". The Executive Summary shall reflect the RFP subject, name of the firm, address, telephone number, contact person, date of preparation, and names of persons who are authorized to make representations on behalf of the Offeror (include their titles, addresses, telephone numbers and other contact information). This section shall include a summary description of the firm's background and history in providing the services requested by the RFP. Any marketing materials included in the Offeror's proposal to more fully describe the Offeror's services should be clearly referenced in the proposal.

The Executive Summary shall also identify any exceptions the Offeror has taken to the requirements of this RFP, the Contract (ATTACHMENT A), or any other attachments. If there are no exceptions, the summary should so state.

Note: Exceptions to terms and conditions of the RFP, the Contract, or any other attachment may result in having the proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award.

4.4.7 Offeror Technical Response to RFP Minimum Qualifications

The Offeror shall address each minimum qualification specified in Section 2 "Minimum Qualifications" of this RFP and shall describe how the Offeror meets each of these minimum qualifications. If the Offeror provides any publications, pamphlets or other

written materials to further demonstrate its capacity to meet the minimum qualifications; such materials must be clearly referenced in each response to the minimum qualifications.

4.4.8 Offeror Technical Response to RFP Scope of Work Requirements

4.4.8.1 In a concise manner, the Offeror shall address each requirement in Section 3 “Scope of Work” of this RFP and shall describe how the Offeror’s proposed services will meet these requirements. The Offeror should use the sub-headings provided by this RFP to organize the response. The response to the requirements for each Category should take into account the background information provided in Section 3.1.

4.4.8.2 If the State is seeking Offeror agreement to a requirement, the Offeror shall state agreement or disagreement. However, the Offeror should not merely rely on a stated agreement to perform the requested work; rather the Offeror should outline **how the Offeror can fulfill the requested tasks in a manner that best meets the State’s needs.**

4.4.8.3 The technical proposal shall include:

4.4.8.3.1 Understanding of Requirements. A statement of the Offeror’s understanding of the services required by this RFP, including its understanding of investment operations risks and industry best practices. The Offeror must explain its overall approach for successfully providing these services to the Agency, including a Work Plan as explained below.

4.4.8.3.2 Work Plan. A preliminary Work Plan demonstrating how the Offeror, if selected for award of the Contract to result from this RFP, plans to accomplish the Required Contract Services as identified in this RFP in the most efficient and effective manner. At a minimum, this preliminary Work Plan must specifically include:

- 4.4.8.3.2.1 A proposed schedule for completing the required services;
- 4.4.8.3.2.2 Estimated hours for each Work Plan component or major task;
- 4.4.8.3.2.3. Proposed staffing plan, including Agency and Offeror resources;
- 4.4.8.3.2.4 Quality assurance procedures;
- 4.4.8.3.2.5 Project management, including consultations with and presentations to Agency management;
- 4.4.8.3.2.6 Training approach, including related materials and references; and
- 4.4.8.3.2.7 Other required resources, both internal and external to the Agency.

4.4.9 Offeror’s Experience and Capability

4.4.9.1 The Offeror shall describe its experience and past performance in providing services similar to those solicited by this RFP, including:

- 4.4.9.1.1 A description of the Offeror's business services and how those services will be used to perform the requirements of this RFP;
 - 4.4.9.1.2 The Offeror's experience in auditing investment activities and operations;
 - 4.4.9.1.3 The Offeror's experience in auditing external investment manager relationships; and
 - 4.4.9.1.4 The Offeror's experience in training internal auditors, through a co-sourcing arrangement, in conducting audits of investment activities and operations, including external investment manager relationships.
- 4.4.9.2 As part of its Technical Proposal, each Offeror must provide a list of all contracts with any entity of the State of Maryland that it is currently performing, or which has been performed or completed within the last 5 years. For each identified contract the Offeror is to provide in its Technical Proposal:
- 4.4.9.2.1 The State contracting entity;
 - 4.4.9.2.2 A brief description of the services/goods provided;
 - 4.4.9.2.3 The dollar value of the contract;
 - 4.4.9.2.4 The term of the contract;
 - 4.4.9.2.5 The State employee contact person (name, title, telephone number and if possible email address); and
 - 4.4.9.2.6 Whether the contract was terminated before the end of the term specified in the original contract, including whether any available renewal option was not exercised.

The Procurement Officer, or a designee, may contact any or all of the identified State agencies to discuss the identified contracts. During such a discussion, the State may inquire as to the Offeror's level of performance of the applicable State contract.

Information obtained regarding the Offeror's level of performance on State contracts will be considered part of the experience and past performance evaluation criteria of the RFP.

4.4.9.3 The Offeror's Technical Proposal shall include:

- 4.4.9.3.1 A description of any comparable services performed by the Offeror during the most recent six (6) year period similar in scope to the services requested in this RFP;
- 4.4.9.3.2 A minimum of three (3) references from public retirement systems, private pension plans, foundations, or endowment funds, for which the Offeror has provided services comparable to those specified in this RFP. Include complete addresses and telephone numbers for each reference, as well as the name, title and the telephone number of a contact individual; and
- 4.4.9.3.3 Any additional services or alternative approaches that the Offeror believes are in the Agency's best interest.

4.4.10 Subcontractors

- 4.4.10.1 The selected Offeror/Contractor shall be responsible for all products and services required by this RFP. The use of subcontractor(s) by an Offeror/Contractor shall not be permitted. An Offeror that plans to utilize a

subcontractor to provide any of the services covered under this RFP shall be deemed not responsible.

4.4.11 Staffing Plan, Personnel Qualification and Professional Experience

4.4.11.1 The Offeror shall provide a staffing plan that describes how the Offeror intends to staff this Contract to meet the State's needs. The staffing plan shall include a statement by the Offeror indicating that the proposed staff meets the minimum qualifications required by this RFP. The Offeror shall identify its proposed Account Manager and any other key personnel. As part of the staffing plan, the Offeror shall submit the resumes of the proposed key personnel to complete the work required by this RFP.

4.4.11.2 The Offeror shall provide a short summary of the professional experience, achievements and capabilities of those staff and personnel proposed to perform the requirements of the Contract. The resumes and staffing plan may also include a description of whether the proposed staff worked on the accounts submitted as references by the Contractor.

4.4.11.3 The Offeror shall also acknowledge that except as described in this RFP, all key personnel will be used for the duration of this Contract as described in the Offeror's proposal.

4.4.12 Economic Benefit Factors

Do not include any detail of the financial proposal with this technical information:

4.4.12.1 The Offeror shall describe the benefits that will accrue to the State of Maryland economy as a direct or indirect result of the Offeror's performance of the Contract resulting from this RFP. The Offeror will take into consideration the following elements.

4.4.12.1.1 The estimated percentage of Contract dollars to be recycled into Maryland's economy in support of the Contract, through the use of Maryland subcontractors, suppliers and joint venture partners. Offerors should be as specific as possible and provide a percentage breakdown of expenditures in this category.

4.4.12.1.2 The estimated number and types of jobs for Maryland residents resulting from this Contract. Indicate job classifications, number of employees in each classification, and the aggregate Maryland payroll percentages to which the Contractor has committed at both prime and, if applicable, subcontract levels.

4.4.12.1.3 Tax revenues to be generated for Maryland and its political subdivisions as a result of this Contract. Indicate tax category (sales tax, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the Contract; and

4.4.12.1.4 The estimated percentage of subcontract dollars committed to Maryland small businesses and MBEs.

4.4.12.2 In addition to the factors listed above, the Offeror should explain any other economic benefit to the State of Maryland that would result from the Offeror's proposal.

4.4.13 Conflict of Interest

Each Offeror must complete and submit a Conflict of Interest Affidavit with the Technical Proposal. A copy of this Affidavit is included as ATTACHMENT F of this RFP. If the Procurement Officer makes a determination that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of COMAR 21.05.08.08A, the Procurement Officer may reject an Offeror under COMAR 21.06.02.03B. In completing this affidavit, each Offeror should give special consideration to the existing contractual relationships the Agency has (see ATTACHMENT F).

4.4.14 Financial Capability and Statements

The Offeror shall provide evidence that the Offeror has the financial capability to provide the services required by submitting copies of the last two (2) year end abbreviated Profit and Loss (P&L) and Balance Sheets (independently audited preferred). The financial statements must be for the entity proposing to provide services under this RFP and not for any prospective owners or parent companies not directly involved in the provision of services.

4.4.15 Summary of Required Technical Submissions

Transmittal Letter (Section 4.4.1, Attachment I)
Technical Proposal, Volume I (Section 4.4)
Conflict of Interest Affidavit (Section 4.4.3, Attachment F)
Bid/Proposal Affidavit (Attachment B)
Living Wage Affidavit (Attachment K)
Insurance Certificate (Section 2.3)

4.5 Volume II - Financial Proposal

4.5.1 Financial Proposal Requirements

The Financial Proposal shall identify the total firm fixed-price for providing the services described in this RFP for the four-year period. The total fixed price for providing the services described in this RFP shall exclude non-routine travel expenses.

4.5.2 Financial Proposal Format

Under separate sealed cover from the Technical Proposal and clearly identified with the same information noted on the Technical Proposal, the Offeror must submit an original unbound copy, four (4) bound copies, and one (1) electronic copy (in MS Word format) in a separate envelope labeled as described in Section 4.2, of the Financial Proposal. The Financial Proposal must contain all price information in the format specified in Attachment E.

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SECTION 5 EVALUATION CRITERIA AND SELECTION PROCEDURE

5.1 Evaluation Criteria

Evaluation of the proposals will be performed by a committee organized for that purpose. Evaluations will be based on the criteria set forth below.

5.2 Technical Criteria

The criteria to be applied to each technical proposal are as follows, listed in descending order of importance:

- 5.2.1 Offeror Technical Response to RFP Requirements, which includes a firm understanding of the Scope of Work (Section 4.4.8.1);
- 5.2.2 Soundness of the Offeror's approach to the General Requirements of the RFP and the completeness of the Offeror's Work Plan (4.4.8.3.2)
- 5.2.3 Offeror Experience and Capability, (Section 4.4.9);
- 5.2.4 Offeror's Staffing Plan, Personnel, Qualifications and Professional Experience, including the resumes and capabilities of key personnel and other staff assigned to this Contract (Section 4.4.11);
- 5.2.5 Offeror's Financial Capability and Statements (Section 4.4.14); and
- 5.2.6 Economic Benefit Factors (Section 4.4.12).

5.3 Financial Criteria

All qualified Offerors will be ranked from the lowest to the highest price based on the Total Firm Fixed Price proposed as shown in Attachment E. An Offeror must comply with the instructions provided in Attachment E.

5.4 Selection Procedures

5.4.1 General Selection Process

The Contract will be awarded in accordance with the competitive sealed proposals process under Code of Maryland Regulations 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all Offerors judged reasonably susceptible of being selected for award, or potentially so. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine an Offeror to be not responsible and/or an Offeror's proposal to be not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of proposals and the review of those proposals.

5.4.2 Selection Process Sequence

5.4.2.1 The first level of review will be an evaluation for technical merit. During this review oral presentations and discussions may be held. The purpose of such discussions will be to assure a full understanding of the State's requirements and the Offeror's ability to perform, and to facilitate arrival at a contract that will be most advantageous to the State. For scheduling purposes, Offerors should be prepared to make an oral presentation and participate in discussions within two to four weeks of the delivery of proposals to the State. The Procurement Officer will contact Offerors when the schedule is set by the State.

5.4.2.2 Offerors must confirm in writing any substantive oral clarification of, or change in, their proposals made in the course of discussions. Any such written clarification or change then becomes part of the Offeror's proposal.

5.4.2.3 The financial proposal of each Offeror will be evaluated separately from the technical evaluation. After a review of the financial proposals of Offerors, the Procurement Officer may again conduct discussions.

5.4.2.4 When in the best interest of the State, the Procurement Officer may request Offerors who have submitted acceptable proposals to revise their initial proposals and submit, in writing, best and final offers (BAFOs).

5.5 Award Determination

Upon completion of all discussions and negotiations, reference checks, and site visits, if any, the Procurement Officer will recommend award of the Contract to the responsible Offeror whose proposal is determined to be the most advantageous to the State considering technical evaluation factors and price factors as set forth in this RFP. In making the most advantageous Offeror determination, technical factors will be given greater weight than price factors.

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LISTING OF ATTACHMENTS

ATTACHMENT A – CONTRACT

ATTACHMENT B – BID/PROPOSAL AFFIDAVIT

ATTACHMENT C – CONTRACT AFFIDAVIT

ATTACHMENT D – PRE-PROPOSAL CONFERENCE RESPONSE FORM

ATTACHMENT E – PRICE PROPOSAL INSTRUCTIONS AND FORM

ATTACHMENT F – CONFLICT OF INTEREST AFFIDAVIT/DISCLOSURE

ATTACHMENT G – OFFEROR’S CHECKLIST

ATTACHMENT H – VENDOR ELECTRONIC FUNDS TRANSFER FORM

ATTACHMENT I – TRANSMITTAL LETTER FORM

ATTACHMENT J – LIVING WAGE REQUIREMENTS FOR SERVICE CONTRACTS

ATTACHMENT K – LIVING WAGE AFFIDAVIT OF AGREEMENT

ATTACHMENT L – EXTERNAL INVESTMENT MANAGERS

ATTACHMENT M – INVESTMENT DIVISION ORGANIZATION CHART

ATTACHMENT A – CONTRACT

THIS CONTRACT is made this _____ day of _____, 2009 by and between the STATE RETIREMENT AGENCY OF MARYLAND (Agency) and _____ (Contractor), Federal Tax Identification Number _____, company address _____.

IN CONSIDERATION of the promises and the covenants herein contained, the parties agree as follows:

1 Definitions

In this Contract, the following words have the meanings indicated:

- 1.1 **Account Manager** means the individual identified by the Contractor as the primary contact for the State in the management of the Contract issues pursuant to RFP Solicitation No. 09-08, Investment Training & Audit Services.
- 1.2 **Agency** means the State Retirement Agency of Maryland.
- 1.3 **Board** means the Board of Trustees for the State Retirement and Pension System of Maryland.
- 1.4 **Contract** means this Contract for Investment Training & Audit Services.
- 1.5 **Contractor** means _____ whose principal business address is _____.
- 1.6 **Contract Manager** means the individual identified by the State as the primary contact for the Contractor in the management of the Contract issued pursuant to RFP Solicitation No. 09-08, Investment Training & Audit Services. Please see, Section 1.5 of the RFP or a successor designated by the Agency.
- 1.7 **Financial Proposal** means the Contractor's Financial Proposal dated _____, 2009 [and amended _____ by BAFO].
- 1.8 **Procurement Officer** means the individual identified in section 1.5 of the RFP or a successor designated by the Agency.
- 1.9 **RFP** means the Request for Proposals for Investment Training & Audit Services for the State Retirement Agency of Maryland, No. 09-08 dated _____, 2009 [as amended by Addendum # ____ dated ____].
- 1.10 **State** means the State of Maryland.
- 1.11 **System** means the State Retirement and Pension System of Maryland.
- 1.12 **Technical Proposal** means the Contractor's Technical Proposal, dated _____ [and amended ____].

2 Scope of Work

- 2.1 The Contractor shall provide investment training and audit services, including co-sourced audits of System investments, to the State Retirement Agency of Maryland. These services shall be provided in accordance with this Contract and the following exhibits, which are attached and incorporated herein by reference:

Exhibit A – The RFP
Exhibit B – The Technical Proposal
Exhibit C – The Financial Proposal
Exhibit D – Contract Affidavit
Exhibit E- Living Wage Affidavit

- 2.2 If there are any inconsistencies between this Contract and Exhibits A, B, C, and D, the terms of this Contract shall control. If there is any conflict among the Exhibits, Exhibit A shall control.

- 2.3 The Procurement Officer may, at any time, by written order, make changes in the work within the general scope of the Contract. No other order, statement or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work, whether or not changed by the order, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. The Contractor must assert in writing its right to an adjustment under this section within thirty (30) days of receipt of written change order and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Failure to agree to an adjustment under this section shall be a dispute under Section 8, Disputes. Nothing in this section shall excuse the Contractor from proceeding with the Contract as changed.
- 2.4 This Contract, together with the attached Exhibits, constitutes the entire agreement between the parties, and no other understandings or representations between the parties, whether written or oral, regarding the subject matter of the Contract, shall be deemed to exist or to bind the parties hereto at the time of execution.

3 Time for Performance

- 3.1 Unless sooner terminated in accordance with the provisions of this Contract:
- 3.1.1 the initial term of this Contract shall be the four (4) year period beginning _____, 200_, and ending _____, 20__;
- 3.1.2 The provisions of Sections 5, 6, 20 and 24 of this Contract shall survive termination of this Contract for any reason.

4 Consideration and Payment

- 4.1 In consideration of the satisfactory performance of the work set forth in this Contract, the Agency shall pay the Contractor in accordance with the terms of Exhibits A and C. Except with the express written consent of the Procurement Officer, payment to the Contractor for the services required pursuant to this Contract shall not exceed \$_____ during the entire term of this Contract.
- 4.2 Invoices must be provided in the format and on the schedule identified in the RFP. Each invoice must reflect the Contractor's federal tax identification number, which is _____. The Contractor's eMaryland Marketplace identification number is _____. Payments to the Contractor pursuant to this Contract shall be made no later than 30 days after the State's receipt of a proper invoice from the Contractor. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1, of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited. The final payment under this Contract will not be made until after certification is received from the Comptroller of the State that all taxes have been paid.
- 4.3 In addition to any other available remedies if, in the opinion of the Procurement Officer, the Contractor fails to perform in a satisfactory and timely manner, the Procurement Officer may refuse or limit approval of any invoice for payment, and may cause payments to the Contractor to be reduced or withheld until such time as the Contractor meets performance standards as established by the Procurement Officer pursuant to this Contract.

- 4.4 Electronic funds transfer will be used by the State to pay the Contractor for this Contract and any other State payments due Contractor unless the State's Comptroller Office grants the Contractor an exemption.

5 Rights to Records

- 5.1 The Contractor agrees that all documents and materials, including but not limited to, reports, drawings, studies, specifications, estimates, tests, maps, photographs, designs, graphics, mechanical, artwork, computations and data prepared by the Contractor for purposes of this Contract shall be the sole property of the Agency and shall be available to the Agency at any time. The Agency shall have the right to use the same without restriction and without compensation to the Contractor other than that specifically provided by this Contract. Nothing in this Section 5 shall abrogate or transfer any intellectual property rights of the Contractor in its proprietary information related to its methodologies, methods of analysis, ideas, know-how, methods, techniques and skills possessed prior to this Contract.
- 5.2 The Contractor agrees that at all times during the term of this Contract and thereafter, the works created and services performed under this Contract shall be "works made for hire" as that term is interpreted under U.S. copyright law. To the extent that any products created under this Contract are not works for hire for the Agency, the Contractor hereby relinquishes, transfers, and assigns to the State all of its rights, title, and interest (including all intellectual property rights) to all such products created under this Contract, and will cooperate reasonably with the State in effectuating and registering any necessary assignments.
- 5.3 The Contractor shall report to the Agency, promptly and in written detail, each notice or claim of copyright infringement received by the Contractor with respect to all data delivered under this Contract.
- 5.4 The Contractor shall not affix any restrictive markings upon any data and if such markings are affixed, the Agency shall have the right at any time to modify, remove, obliterate, or ignore such warnings.
- 5.5 Upon termination of this Contract, the Contractor, at its own expense, shall deliver any equipment, software or other property provided by the State to the place designated by the Procurement Officer.
- 5.6 At the request of the Contract Manager, the Contractor shall provide the aforementioned documents, materials, records, raw data or knowledge to any subsequent contractor engaged by the Agency or State to perform investment training and audit services described in the attached RFP. Provision of this data would be limited so as not to compromise proprietary analytical tools of the contractor or violate the privacy requirements of the Agency.

6 Confidentiality

Subject to the Maryland Public Information Act and any other applicable laws, including all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law and the confidentiality provisions of the RFP. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the

other party without violation of this Contract; (c) was already in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

7 Non-Hiring of Employees

No official or employee of the State of Maryland as defined under State Government Article section 15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract shall, during the pendency and term of this Contract and while serving as an official or employee of the State become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

8 Disputes

This Contract shall be subject to the provisions of Title 15, Subtitle 2, of the State Finance and Procurement Article of the Annotated Code of Maryland, as from time to time amended, and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision. Unless a lesser period is provided by applicable statute, regulation, or the Contract, the Contractor must file a written notice of claim with the Procurement Officer within 30 days after the basis for the claim is known or should have been known, whichever is earlier. Contemporaneously with or within 30 days of the filing of a notice of claim, but no later than the date of final payment under the Contract, the Contractor must submit to the Procurement Officer its written claim containing the information specified in COMAR 21.10.04.02.

9 Maryland Law

This Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland.

10 Nondiscrimination in Employment

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or disability of a qualified individual with a disability; (b) to include a provision similar to that contained in subsection (a), above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

11 Contingent Fee Prohibition

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the Contractor to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation or other entity, other than a bona fide employee, bona fide salesperson or commercial selling agency, any fee or other consideration contingent on the making of this Contract.

12 Nonavailability of Funding

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of

termination of the Contract hereunder will be to discharge both the Contractor and the State from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

13 Termination for Cause

If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State of Maryland shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by the Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the termination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

14 Termination for Convenience

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with termination of the Contract; provided, however, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12 (A)(2).

15 Delays and Extensions of Time

The Contractor agrees to perform the work under this Contract continuously and diligently. No charges or claims for damages shall be made by the Contractor for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract. Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

16 Suspension of Work

The State unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer or Contract Manager may determine to be appropriate for the convenience of the State.

17 Pre-Existing Regulations

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR 21) in effect on the date of execution of this Contract are applicable to this Contract.

18 Financial Disclosure

The Contractor shall comply with the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, as from time to time amended, which requires that every business that enters into contracts, leases, or other agreement with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more, shall within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of the State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

19 Political Contribution Disclosure

The Contractor shall comply with the Election Law Article, Sections 14-101 through 14-108, of the Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county or an incorporated municipality or their agencies, during a calendar year under which the person receives in the aggregate \$100,000 or more, shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

20 Retention of Records

The Contractor shall retain and maintain all records and documents in any way relating to this Contract for three years after final payment by the State of Maryland under this Contract or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or the Procurement Officer's designee, at all reasonable times. All records related in any way to the Contract are to be retained for the entire time provided under this section.

21 Compliance with Laws

The Contractor hereby represents and warrants that:

- 21.1 It is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;
- 21.2 It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- 21.3 It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and
- 21.4 It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

22 Cost and Price Certification

By submitting cost or price information, the Contractor certifies to the best of its knowledge that the information submitted is accurate, complete, and current as of a mutually determined specified date prior to the conclusion of any price discussions or negotiations.

The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon by the parties, was inaccurate, incomplete, or not current.

23 Subcontracting; Assignment

The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State of Maryland, nor may the Contractor assign this Contract or any of its rights or obligations hereunder, without the prior written approval of the State. Any such subcontract or assignment shall include the terms of sections 7, and 9 through 22 of this Contract and any other terms and conditions that the State deems necessary to protect its interests. The State shall not be responsible for the fulfillment of the Contractor's obligations to the subcontractors.

24 Indemnification

- 24.1 The Contractor shall indemnify the State against liability for any costs, expenses, loss, suits, actions, or claims of any character arising from or relating to the performance of the Contractor or its subcontractors under this Contract.
- 24.2 The State of Maryland has no obligation to provide legal counsel or defense to the Contractor or its subcontractors in the event that a suit, claim or action of any character is brought by any person not party to this Contract against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.
- 24.3 The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.
- 24.4 The Contractor shall immediately notify the Procurement Officer of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from or relating to the Contractor's obligations under the Contract, and will cooperate, assist, and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of or relating to the Contractor's performance under this Contract.

25 Commercial Nondiscrimination

- 25.1 As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace.

Contractor understands that a material violation of this clause shall be considered a material breach of this Contract and may result in termination of this Contract, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.

- 25.2 The Contractor shall include the above Commercial Nondiscrimination clause, or similar clause approved by DBM, in all sub-contracts.
- 25.3 As a condition of entering into this Contract, upon the Maryland Human Relations Commission's request, and only after the filing of a complaint against Contractor under Title 19 of the State Finance and Procurement Article, as amended from time to time, Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past 4 years on any of its contracts that were undertaken within the state of Maryland, including the total dollar amount paid by Contractor on each subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State's Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that is requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in contract termination, disqualification by the State from participating in State contracts, and other sanctions.

26 Living Wage Requirements

- 26.1 A State contract valued at \$100,000 or more may be subject to Maryland's Living Wage Law, Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in the RFP for this Contract.
- 26.2 Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least the minimum as stated on the Department of Labor and Licensing website, if State contract services valued at 50% or more of the total value of the Contract are performed or deemed to be performed in the Tier 1 Area

27 Administrative

- 27.1 Procurement Officer. The work to be accomplished under this Contract shall be performed under the direction of the Procurement Officer and the Contract Manager. All matters relating to the interpretation of this Contract shall be referred to the Procurement Officer for determination.
- 27.2 Waiver. No failure or delay on the Agency's part in exercising any right or remedy hereunder shall operate as a waiver thereof. No waiver by either party of any failure or refusal to comply with an obligation hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply. No modification or waiver shall be effective unless it is in writing duly executed by the Agency.
- 27.3 Notices. All notices hereunder shall be in writing and either delivered personally or sent by certified or registered mail, postage prepaid as follows:

If to the State:

Brian L. Feilinger
Internal Audit Contract Manager
State Retirement Agency of Maryland
120 East Baltimore Street, Room 1228

Baltimore, Maryland 21202
Telephone#: 410-625-5690
Fax #: 410-468-1706
E-mail: bfeilinger@sra.state.md.us

With copy to:

Cathie L. Nash, CPPB
Procurement Officer
State Retirement Agency of Maryland
120 East Baltimore Street, Room 1406
Baltimore, Maryland 21202
Telephone#: 410-625-5656
Fax #: 410-468-1704
E-mail: cnash@sra.state.md.us

If to the Contractor:

IN WITNESS THEREOF, the parties have executed this Contract as of the date hereinabove set forth.

CONTRACTOR

STATE RETIREMENT AGENCY
OF MARYLAND

By: _____

By: _____

R. Dean Kenderdine,
Executive Director

Date

Date

Witness

Witness

Approved for form and legal
sufficiency this _____ day
of _____ 2009.

Melissa M. Harrison
Assistant Attorney General

ATTACHMENT B – BID/PROPOSAL AFFIDAVIT

A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I am the (title) _____
and the duly authorized representative of (business) _____
and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION

The undersigned bidder hereby certifies and agrees that the following information is correct: In preparing its bid on this project, the bidder has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in "discrimination" as defined in §19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. "Discrimination" means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor's, supplier's, or commercial customer's employees or owners. "Discrimination" also includes retaliating against any person or other entity for reporting any incident of "discrimination". Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid. As part of its bid or proposal, the bidder herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the bidder discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Bidder agrees to comply in all respects with the State's Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

C. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in §16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

_____.

D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

- (1) Been convicted under state or federal statute of:
 - (a) a criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or
 - (b) fraud, embezzlement, theft, forgery, falsification or destruction of records, or receiving stolen property;
- (2) Been convicted of any criminal violation of a state or federal antitrust statute;
- (3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961, et seq., or the Mail Fraud Act, 18 U.S.C. §1341, et seq., for acts in connection with the submission of bids or proposals for a public or private contract;
- (4) Been convicted of a violation of the State Minority Business Enterprise Law, §14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (5) Been convicted of a violation of the §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsection (1) through (5) above;
- (7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract; or
- (8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; or
- (9) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B — C and subsections (1) through (8) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

E. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension):

F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

- (1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to §16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and
- (2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

G. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

H. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

- (1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;
- (2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in

restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

I. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of §13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

J. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101—14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

K. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

- (1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.
- (2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:
 - (a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;
 - (b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;
 - (c) Prohibit its employees from working under the influence of drugs or alcohol;
 - (d) Not hire or assign to work on the contract anyone whom the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;

- (e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;
 - (f) Establish drug and alcohol abuse awareness programs to inform its employees about:
 - (i) The dangers of drug and alcohol abuse in the workplace;
 - (ii) The business' policy of maintaining a drug and alcohol free workplace;
 - (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
 - (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;
 - (g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §K(2)(b), above;
 - (h) Notify its employees in the statement required by §K(2)(b), above, that as a condition of continued employment on the contract, the employee shall:
 - (i) Abide by the terms of the statement; and
 - (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;
 - (i) Notify the procurement officer within 10 days after receiving notice under §K(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;
 - (j) Within 30 days after receiving notice under §K(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:
 - (i) Take appropriate personnel action against an employee, up to and including termination; or
 - (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and
 - (k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §K(2)(a)—(j), above.
- (3) If the business is an individual, the individual shall certify and agree as set forth in §K(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.
- (4) I acknowledge and agree that:
- (a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

- (b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and
- (c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

L. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT

I FURTHER AFFIRM THAT:

- (1) The business named above is a (domestic____) (foreign____) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is:

Name:_____

Address:_____.

(If not applicable, so state).

- (2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

M. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

N. Repealed

O. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____ By: _____
(Authorized Representative and Affiant)

ATTACHMENT C – CONTRACT AFFIDAVIT

A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I am the (title) _____
and the duly authorized representative of (business) _____
and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

B. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT

I FURTHER AFFIRM THAT:

1. The business named above is a (domestic_____) (foreign_____) corporation registered in accordance with Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessment and Taxation is:

Name: _____

Address: _____

2. Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor Licensing and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

C. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgments contained in that certain Bid/Proposals Affidavit dated _____, 2009 and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

DATE: _____ BY: _____
(Authorized Representative and Affidavit)

ATTACHMENT D – PRE-PROPOSAL CONFERENCE RESPONSE FORM

Project No. 09-08

Project Title: Investment Training & Audit Services for the State Retirement Agency of Maryland

A Pre-proposal Conference will be held on June 17, 2009 at 10:00 a.m. local time at:

State Retirement Agency of Maryland
120 East Baltimore Street, Room 1631A
Baltimore, Md. 21202

Directions to the Pre-proposal meeting site at the Agency's offices may be found at
<http://www.Agency.state.md.us/directions.htm>

Please e-mail, fax or return this form by close of business on June 15, 2009 advising whether or not you plan to attend this Conference.

E-mail or fax this form to the Procurement Officer:

Ms. Cathie L. Nash, CPPB
Office Phone: (410) 625-5656
Fax: (410) 468-1704
E-mail: cnash@sra.state.md.us

Please indicate:

_____ Yes, the following representatives will be in attendance:

- 1.
- 2.

_____ No, we will not be in attendance.

Company/Firm/Vendor Name

Telephone

Contact Name

ATTACHMENT E – PRICE PROPOSAL INSTRUCTIONS AND FORM

General Instructions:

In order to assist Offerors in the preparation of their price proposal and to comply with the requirements of this solicitation, Price Instructions and Price Forms have been prepared. Offerors shall submit their price proposal on the form in accordance with the instructions on the form and as specified herein. Do not alter the form or the price proposal shall be rejected. The Price Form is to be signed and dated, where requested, by an individual who is authorized to bind the Offeror to all proposed prices.

Offerors are required to record the fully loaded prices they are proposing for each listed item, and compute the total. The price form will be used to calculate the Offeror's TOTAL PRICE.

- A. All Fixed Prices for rates must be clearly entered with dollars and cents, e.g., \$24.15
- B. All Fixed Prices must be the actual price the State shall pay for the scope of work per this RFP and may not be contingent on any other factor or condition in any manner.
- C. All calculations shall be rounded to the nearest cent, i.e. .344 shall be 34 and .345 shall be 35.
- D. Except as instructed on the form, nothing shall be entered on the form that alters or proposes conditions or contingencies on the prices or percentages.

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ATTACHMENT E – PRICE PROPOSAL FORM for INVESTMENT TRAINING & AUDIT SERVICES

Closing date and time: July 1, 2009 by 2:00 PM

SECTION 1. PROPOSED PRICE

The total firm, fixed price for the contract is \$_____ for the four year contract term.

Company Name_____ Federal Tax Number_____

Company Address_____

City_____ State_____ Zip_____ Phone_____ Fax_____

Printed Name and Title

Authorized Signature

ATTACHMENT F – CONFLICT OF INTEREST AFFIDAVIT/DISCLOSURE

- A. "Conflict of Interest" means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the State, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.
- B. "Person" has the meaning stated in COMAR 21.01.02.01B (64) and includes a bidder, Offeror, Contractor, consultant, or subcontractor or sub consultant at any tier, and also includes an employee or agent of any of them if the employee or agent has or will have the authority to control or supervise all or a portion of the work for which a bid or offer is made.
- C. The bidder or Offeror warrants that, except as disclosed in §D, below, there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a conflict of interest.
- D. The following facts or circumstances give rise or could in the future give rise to a conflict of interest (explain in detail—attach additional sheets if necessary).
- E. The bidder or Offeror agrees that if an actual or potential conflict of interest arises after the date of this affidavit, the bidder or Offeror shall immediately make a full disclosure in writing to the procurement officer of all relevant facts and circumstances. This disclosure shall include a description of actions which the bidder or Offeror has taken and proposes to take to avoid, mitigate, or neutralize the actual or potential conflict of interest. If the contract has been awarded and performance of the contract has begun, the Contractor shall continue performance until notified by the procurement officer of any contrary action to be taken.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____

By: _____
(Authorized Representative and Affiant)

ATTACHMENT G – OFFEROR’S CHECKLIST

RFP	Requirement	Y/N	Remarks
4.2	Was Vol I sealed separately from Vol II but submitted simultaneously?		
4.2	Were there an unbound original and four (4) copies of the Vol I-Technical Proposal?		
4.2	Was an electronic version submitted in PDF format for Vol I enclosed in the original copy of the Tech Proposal?		
4.2	Was the electronic media labeled with the RFP title/number, Offeror name and Vol I?		
4.3	Were separate volumes labeled Vol I—Technical Proposal and Vol II—Financial Proposal, in sealed packages bearing RFP title & number, name/address of Offeror, and closing date/time on outside of the packages? Were tech proposal pages numbered consecutively?		
4.4.1	Was there a letter, which transmitted the technical proposal, acknowledged the receipt of addenda, and did an individual authorized to commit the Offeror to the services and requirements of the RFP sign the letter?		
4.4.2	Were proposals numbered to match numbering in RFP?		
4.4.3	Did the technical proposal begin with a title page bearing the name and address of the Offeror and the name and number of the RFP followed by a table of contents for the tech proposal? Was confidential info identified after title page?		
4.4.6	Is there a separate executive summary, which condenses and highlights the contents of the technical proposal?		
4.4.6	Does the executive summary identify any exceptions the Offeror has taken to the requirements of the RFP, the contract (Atch A) or any other attachments? And if not, does the Executive Summary so state?		
4.4.9 – 4.4.9.3.3	Does Exp & Capabilities info include a description of past experience in providing similar services, MD contract history, and three (3) references?		
4.4.2.11 1.1- 4.4.11.3.	Did the Offeror submit subcontractor info, a staffing plan, résumés, a personnel summary, Conflict of Interest affidavit, and financial statements?		
4.4.15	Did the Offeror provide a completed Bid/Proposal Affidavit (Atch B—with original of technical proposal only)? Were all the blocks filled in and was the Affidavit signed?		

ATTACHMENT H – VENDOR ELECTRONIC FUNDS TRANSFER FORM

State of Maryland
Comptroller of Maryland

Vendor Electronic Funds Transfer (EFT) Registration Request Form

Date of request _____

Business identification information (Address to be used in case of default to check):

Business/Individual name _____

Address line 1 _____

Address line 2 _____

City _____ State _____ Zip code

--	--	--	--	--	--

--	--	--	--	--	--

Taxpayer identification number:

Federal Employer Identification Number:

--	--

--	--	--	--	--	--	--	--

(or) Social Security Number:

--	--	--

--	--

--	--	--

Business contact name, title, email and phone number including area code. (And address if different from above):

Financial institution information:

Name and address _____

Contact name, phone number (include area code), _____

ABA number

--	--	--	--	--	--	--	--	--	--

Account number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Account type ☐ Checking ☐ Money Market ☐ Savings

Format Desired: _____ **CCD+** _____ **CTX*** _____ **EDI* (Check one.)**

*Note – There may be a charge to you by your bank with this format. You must contact your bank to receive this format.

A VOIDED CHECK from the bank account must be attached or letter from the bank confirming the account number.

COT/GAD X-10

Transaction requested:

1. ___ Initiate all disbursements via EFT to the above account.
2. ___ Discontinue disbursements via EFT, effective _____
3. ___ Change the bank account to above information – a copy of the approved Registration Form for the previous bank account must be attached.

I am authorized by * _____ (hereinafter Company) to make the representations contained in this paragraph. Company authorizes the Comptroller and the Treasurer of Maryland to register it for electronic funds transfer (EFT) using the information contained in this registration form. Company agrees to receive all funds from the State of Maryland by electronic funds transfer according to the terms of the EFT program. Company agrees to return to the State of Maryland any EFT payment incorrectly disbursed by the State of Maryland to the Company's account. Company agrees to hold harmless the State of Maryland and its agencies and departments for any delays or errors caused by inaccurate or outdated registration information or by the financial institution listed above.

*Name of registering business entity

Signature of individual, company treasurer, controller, or chief financial officer and date

Completed by GAD/STO

Date Received _____

GAD registration information verified _____ Date to STO _____

STO registration information verified _____ Date to GAD _____

R*STARS Vendor No. and Mail Code Assigned:

State Treasurer's Office Approval Date

General Accounting Division Approval Date

To Requestor:

Please retain a copy of this form for your records. Please allow approximately 30 days from the date of your request for the Comptroller's and Treasurer's Offices to process your request. Failure to maintain current information with this office could result in errors in payment processing. If you have any questions, please call the EFT registration desk at 410-260-7375.

Please submit form to: EFT Registration, General Accounting Division
Room 205, P.O. Box 746
Annapolis, Maryland 21404-0746
(or) Fax: 410-974-2309

Instructions: Electronic Funds Transfer instructions are located: <http://compnet.comp.state.md.us/gad>. Questions may be requested by email, gad@comp.state.md.us. Or call 1-888-784-0144.

COT/GAD X-10

ATTACHMENT I – TRANSMITTAL LETTER FORM

SOLICITATION NUMBER 09-08

A TRANSMITTAL LETTER

- | | | |
|--|-----|----|
| 1. Offeror's names, address, telephone number, email address, facsimile number. | Yes | No |
| 2. Offeror's Federal Employer Identification Number. | Yes | No |
| 3. The name, title or position, email address and telephone number of individual signing the cover letter. | Yes | No |
| 4. A statement indicating the signer is authorized to bind the Offeror contractually. | Yes | No |
| 5. If different than number 3 above, name, title or position, email address and telephone number of the primary contact and/or account manager. | Yes | No |
| 6. Statement expressing the Offeror's willingness to perform the services as described in this RFP. | Yes | No |
| 7. Statement expressing the Offeror's willingness to accept the terms and conditions as set forth in this Solicitation. | Yes | No |
| 8. Statement expressing the Offeror's availability of staff and other required resources for performing all services indicated. | Yes | No |
| <u>9</u> . Statement expressing the Offeror's experience in applying data mining techniques to enhance analysis of investment activities. | Yes | No |
| . | | |
| <u>10</u> . Statement expressing the Offeror's experience in applying financial modeling techniques applicable to different risk exposures (market, interest rate, credit and operation risk). | Yes | No |

B TECHNICAL PROPOSAL

- | | | |
|--|-----|----|
| 1. Technical proposal signed by the individual authorized to bind the Offeror contractually clearly labeled "Volume I Technical Proposal". | Yes | No |
|--|-----|----|

C FINANCIAL PROPOSAL

- | | | |
|---|-----|----|
| 1. Financial proposal signed by the individual authorized to bind the Offeror contractually clearly labeled "Volume II Financial proposal". | Yes | No |
|---|-----|----|

ATTACHMENT J – LIVING WAGE REQUIREMENTS FOR SERVICE CONTRACTS

- A. This Contract is subject to the Living Wage requirements under Title 18, State Finance and Procurement Article, Annotated Code of Maryland and the regulations proposed by the Commissioner of Labor and Industry. The Living Wage generally applies to a Contractor or Subcontractor who performs work on a State contract for services that is valued at \$100,000 or more. An employee is subject to the Living Wage if he/she is at least 18 years old or will turn 18 during the duration of the contract; works at least 13 consecutive weeks on the State Contract and spends at least one-half of the employee's time during any work week on the State Contract.
- B. The Living Wage Law does not apply to:
1. A Contractor who:
 - a. has a State contract for services valued at less than \$100,000, or
 - b. employs 10 or fewer employees and has a State contract for services valued at less than \$500,000.
 2. A Subcontractor who:
 - a. performs work on a State contract for services valued at less than \$100,000,
 - b. employs 10 or fewer employees and performs work on a State contract for services valued at less than \$500,000, or
 - c. performs work for a contractor not covered by the Living Wage Law as defined in B(1)(b) above, or B (3) or C below.
 3. Service contracts for the following:
 - a. services with a Public Service Company;
 - b. services with a nonprofit organization;
 - c. services with an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement ("Unit"); or
 - d. services between a Unit and a County or Baltimore City.
- C. If the Unit responsible for the State contract for services determines that application of the Living Wage would conflict with any applicable Federal program, the Living Wage does not apply to the contract or program.
- D. A Contractor must not split or subdivide a State contract for services, pay an employee through a third party, or treat an employee as an independent contractor or assign work to employees to avoid the imposition of any of the requirements of Title 18, State Finance and Procurement, Annotated Code of Maryland.
- E. Each Contractor/Subcontractor, subject to the Living Wage Law, shall post in a prominent and easily accessible place at the work site(s) of covered employees a notice of the Living Wage Rates, employee rights under the law, and the name, address, and telephone number of the Commissioner.

- F. The Commissioner of Labor and Industry shall adjust the wage rates by the annual average increase or decrease, if any, in the Consumer Price Index for all urban consumers for the Washington/Baltimore metropolitan area, or any successor index, for the previous calendar year, not later than 90 days after the start of each fiscal year. The Commissioner shall publish any adjustments to the wage rates on the Division of Labor and Industry's Website. An employer subject to the Living Wage Law must comply with the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate, required by the Commissioner, automatically upon the effective date of the revised wage rate.
- G. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of the health insurance premium, as provided in §18-103(c), State Finance and Procurement Article, Annotated Code of Maryland, shall not lower an employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of health insurance premium shall comply with any record reporting requirements established by the Commissioner of Labor and Industry.
- H. A Contractor/Subcontractor may reduce the wage rates paid under §18-103(a), State Finance and Procurement, Annotated Code of Maryland, by no more than 50 cents of the hourly cost of the employer's contribution to an employee's deferred compensation plan. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's contribution to an employee's deferred compensation plan shall not lower the employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland.
- I. Under Title 18, State and Finance Procurement Article, Annotated Code of Maryland, if the Commissioner determines that the Contractor/Subcontractor violated a provision of this title or regulations of the Commissioner, the Contractor/Subcontractor shall pay restitution to each affected employee, and the State may assess liquidated damages of \$20 per day for each employee paid less than the Living Wage.
- J. Information pertaining to reporting obligations may be found by going to the DLLR Website <http://www.dllr.state.md.us/> and clicking on Living Wage.

ATTACHMENT K – LIVING WAGE AFFIDAVIT OF AGREEMENT

Maryland Living Wage Requirements - Service Contracts

Contract No. _____

Name of Contractor _____

Address _____

City _____ State _____ Zip Code _____

The Undersigned, being an authorized representative of the above named Contractor, hereby affirms that the Contract is exempt from Maryland's Living Wage Law for the following reasons (check all that apply):

- ☐ Bidder/Offeror is a nonprofit organization
- ☐ Bidder/Offeror is a public service company
- ☐ Bidder/Offeror employs 10 or fewer employees and the proposed contract value is less than \$500,000
- ☐ Bidder/Offeror employs more than 10 employees and the proposed contract value is less than \$100,000

If the Contract is a Living Wage Contract

A. The Undersigned, being an authorized representative of the above named Contractor, hereby affirms our commitment to comply with Title 18, State Finance and Procurement Article, Annotated Code of Maryland and, if required, to submit all payroll reports to the Commissioner of Labor and Industry with regard to the above stated contract. The Bidder/Offeror agrees to pay covered employees who are subject to living wage at least the living wage rate in effect at the time service is provided for hours spent on State contract activities, and to ensure that its Subcontractors who are not exempt also pay the required living wage rate to their covered employees who are subject to the living wage for hours spent on a State contract for services. The Contractor agrees to comply with, and ensure its Subcontractors comply with, the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate established by the Commissioner of Labor and Industry, automatically upon the effective date of the revised wage rate.

B. _____ (initial here if applicable) The Bidder/Offeror affirms it has no covered employees for the following reasons: (check all that apply):

- ☐ The employee(s) proposed to work on the contract will spend less than one-half of the employee's time during any work week on the contract
- ☐ The employee(s) proposed to work on the contract is 17 years of age or younger during the duration of the contract; or
- ☐ The employee(s) proposed to work on the contract will work less than 13 consecutive weeks on the State contract.

The Commissioner of Labor and Industry reserves the right to request payroll records and other data that the Commissioner deems sufficient to confirm these affirmations at any time.

Affidavit of Agreement (*continued*)
Maryland Living Wage Requirements-Service Contracts

Name of Authorized Representative: _____

Signature of Authorized Representative Date

Title

Witness Name (Typed or Printed)

Witness Signature Date

ATTACHMENT L – EXTERNAL INVESTMENT MANAGER FUNDS

(As of 12/31/08)

<i>Manager</i>	<i>Team Coverage</i>
<i>Absolute Return</i>	
BGI Global Ascent, LTD	Absolute Return
Bridgewater Associates, Inc.	Absolute Return
Mellon Capital Management Corporation	Absolute Return
<i>Domestic Equity</i>	
Breeden Capital Management, LLC	Domestic Equity
Dimensional Fund Advisors, Inc. Micro	Domestic Equity
Hydepark	Domestic Equity
Relational Investors - 2 Accounts	Domestic Equity
T. Rowe Price Enhanced & Small Cap	Domestic Equity
State Street Global Advisors	Domestic Equity
Mellon Capital Management Corporation	Domestic Equity
<i>Fixed Income</i>	
Aberdeen Asset Management	Fixed Income
Blackrock	Fixed Income
Dodge & Cox	Fixed Income
Goldman Sachs Asset Management	Fixed Income
PIMCO	Fixed Income
Pyramis Global Advisors	Fixed Income
Western Asset Management Co	Fixed Income
State Street Global Advisors	Fixed Income
<i>Global Equity</i>	
Acadian Asset Management	Global Equity
Baillie Gifford	Global Equity
Marathon Global Advisors	Global Equity
Templeton Institutional	Global Equity
State Street Global Advisors	Global Equity
<i>International Equity</i>	
Artisan Partners Limited Partnership	International Equity
Dimensional Fund Advisors, Inc.	International Equity
Globeflex Capital LP	International Equity
McKinley Asset Management	International Equity
State Street Global Advisors	International Equity
<i>Opportunistic Credit</i>	
PIMCO	Opportunistic Credit
Western Asset Management Co	Opportunistic Credit

Real Return

Goldman Sachs Asset Management	Real Return
PIMCO (TIPS & All Asset)	Real Return

Securities Lending

State Street Securities Lending	Securities Lending
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Real Estate

Private Real Estate	- 17 Private Real Estate managers
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Other Real Estate	LaSalle REITs Morgan Stanley Inv. Mgmt. REITs LaSalle Direct
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Developing Managers	- 87 Developing Managers
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Alternative Investment

Private Equity	- 74 Private Equity managers
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ASSET CLASS BY MARKET VALUE AND ALLOCATION
December 31, 2008

ASSET CLASS	Market Value (millions)	Allocation
EQUITIES:		
U.S. Equity	\$ 7,428.2	27.0%
International Equity	4,479.0	16.3%
Global Equity	2,419.8	8.8%
Private Equity (includes:)	951.6	3.5%
Buyout		
Venture		
Fund of Funds		
Distressed Debt		
Others (Diversified, Bank Loans, & Energy)		
FIXED INCOME (includes:)	5,728.1	20.8%
Corporate		
U.S. Government Obligations		
Mortgage Securities		
International		
REAL ESTATE (includes :)	1,885.7	6.8%
Direct		
REIT's		
Alternative Investments (Opportunistic & Value Added)		
ABSOLUTE RETURN (includes hedge funds)	732.4	2.7%
REAL RETURN	1,324.4	4.8%
CASH	2,608.4	9.5%
TOTAL FUND	\$ 27,557.6	100%

ATTACHMENT M – INVESTMENT DIVISION ORGANIZATION CHART

Investment Division

